

AMENDED IN SENATE APRIL 1, 2004
AMENDED IN SENATE MARCH 30, 2004

SENATE BILL

No. 1569

Introduced by Senator Dunn

February 19, 2004

An act to add Section 1393.3 to the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

SB 1569, as amended, Dunn. Aggrieved providers: remedies.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care. The act requires that a contract between a plan and a provider contain provisions requiring a fast, fair, and cost-effective dispute resolution mechanism and that reimbursement of a complete claim, which is neither contested nor denied, be made within a designated time period.

This bill would authorize an aggrieved provider, as defined, to bring an action against a health care service plan that violates a provision of the act relating to contracting or claims processing or payment.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1393.3 is added to the Health and Safety
2 Code, to read:

1 1393.3. (a) If a health care service plan violates any provision
2 of this chapter relating to contracting or claims processing or
3 payment, an aggrieved provider may bring an action against that
4 plan to recover damages and to obtain other appropriate relief,
5 including costs and attorney's fees. The remedies under this
6 section shall be in addition to, and not in derogation of, all other
7 rights and remedies that an aggrieved provider may have under any
8 other law.

9 (b) For the purposes of this section, an "aggrieved provider"
10 means a physician and surgeon licensed pursuant to Chapter 5
11 (commencing with Section 2000) of Division 2 of the Business and
12 Professions Code or an osteopathic physician and surgeon licensed
13 pursuant to the Osteopathic Initiative Act or a lawfully organized
14 group of those physicians and surgeons or osteopathic physicians
15 and surgeons who meets one of the following conditions:

16 (1) Contracts directly with the plan alleged to be in violation of
17 this chapter.

18 (2) Contracts directly with an entity that contracts directly with
19 the plan, the aggrieved provider has provided services to the plan's
20 enrollees on or after January 1, 2005, and the entity has either
21 ~~become insolvent or ceased paying all claims for a period of six~~
22 ~~months.~~ *become insolvent or has not for a period of six months*
23 *paid all claims.*

24 (3) Has provided emergency medical services covered under an
25 enrollee's plan contract to the enrollee of a plan alleged to be in
26 violation of this chapter and has exhausted all administrative
27 remedies required under this chapter.

28 (c) An aggrieved provider who meets the conditions described
29 in paragraph (2) or (3) of subdivision (b) may bring an action
30 against the plan alleged to have violated this chapter only with
31 respect to payment for the disputed claim *or claims*.

32 (d) If the aggrieved provider is a shareholder, employee,
33 partner, or contractor of a lawfully organized group practice and
34 does not contract directly with the health care service plan or the
35 entity that directly contracts with the health care service plan, the
36 action may be filed only by the group practice and not by its
37 shareholders, employees, partners, or contractors.

38 (e) Nothing in this section shall be construed to revise or
39 expand the scope of practice of a provider or to revise or expand

- 1 the types of providers who are authorized to submit claims to, and
- 2 contract with, a health care service plan.

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